

NON-OFFICIAL TRANSLATION
Original language: Dutch

[Stamped: *IN THE NAME OF THE QUEEN*]

Judgment

COURT OF APPEAL OF THE HAGUE

Commercial law section

Case number: 200.057.983/01

judgment handed down by the fifth civil-law division on 1 February 2011

in the matter of

LENO MERKEN,
domiciled in Weesp,
Appellant,
referred to hereinafter as 'Leno',
lawyer: D.M. Wille of Amsterdam

versus

HAGELKRUIS BEHEER BV,
domiciled in St. Odiliënberg
Respondent,
referred to hereinafter as 'Hagelkruis',
lawyer: J.H. Spoor of Amsterdam

The proceedings

The Court refers to the interim judgment it handed down in this matter on 30 November 2010. To comply with that judgment, Leno submitted a brief entitled 'Written comments on questions referred for a preliminary ruling', in which it addressed the questions that this Court proposed referring for a preliminary ruling in that judgment. Hagelkruis commented on the questions that this Court proposed referring for a preliminary ruling in a brief entitled 'Written comments on questions referred for a preliminary ruling', which the Court Registry received on 5 January 2011. By letter of 7 January 2011, received by the Court Registry on 10 January 2011, Leno announced that it would not submit any further comments.

Assessment of the appeal

1. The findings set out in the interim judgment referred to above are to be inserted here. Leno provided several addendums to the questions proposed in the interim judgment. Hagelkruis

put forward several comments in connection with the interim judgment and made a number of suggestions for the proposed questions to be referred for a preliminary ruling. The Court will incorporate those addendums and comments as follows.

Since no comments were made with regard to finding 6 in the interim judgment, the Court assumes in these proceedings that the rules for proceedings laid down in Article 2.16 and 2.17 of the Benelux Convention on Intellectual Property (Trademarks and Designs) (also referred to hereinafter as 'the BCIP') apply (*mutatis mutandis*) on prior Community trademarks.

2. The present matter concerns an appeal against a judgment on an opposition handed down by the Benelux Office for Intellectual Property (Trademarks and Designs) (also referred to hereinafter as 'the Office').

Facts

3. The relevant facts in this matter are summarised below:

- a. On 27 July 2009 Hagelkruis filed a Benelux application (application number 1185770) for the word mark OMEL for the following services in the classes:
 - Cl 35 Advertising and publicity; business administration, administrative services; commercial affairs management; marketing.
 - Cl 41 Education, courses and training sessions; organising seminars and trade shows.
 - Cl 45 Legal services.
- b. Leno owns Community word mark ONEL (Community registration 002622082), filed on 19 March 2002 and registered on 2 October 2003 for the following services in the classes:
 - Cl 35 Advertising and publicity; business administration; administration services; business management; marketing; marketing studies; providing business information, via electronic channels or otherwise; retail services.
 - Cl 41 Providing of training and courses, in particular in relation to intellectual property; seminars and exhibitions relating in particular to intellectual property; publishing of journals and periodicals.
 - Cl 42 Trade mark, patent and industrial design protection, copyright, monitoring thereof; trade mark development and creation; legal research into trade marks, industrial designs, trade names, patents and copyright; legal and technical consultancy with regard to intellectual property rights; protection, research into and consultancy with regard to domain names; computer programming, IT and ICT services; software development; information on intellectual property rights.
- c. On 18 August 2009 Leno filed an opposition against the registration of the aforementioned application by Hagelkruis.
- d. By letter of 26 October 2009, Leno submitted a series of arguments supporting its opposition. Hagelkruis responded by letter of 6 November 2009. In that letter, Hagelkruis did not present any substantive response to the arguments but rather

asked for proof of use.

- e. Leno subsequently responded to the request for proof of use by letter of 19 November 2009. Hagelkruis then submitted its (substantive) arguments by letter of 2 December 2009.
- f. The Office handed down a decision on 15 January 2010, dismissing the opposition and ruling that the aforementioned Benelux application bearing number 1185770 was to be registered, and ordering Leno to pay the costs of the proceedings, pursuant to Article 1.16(5) of the BCIP, which costs were estimated at EUR 1,000.

To substantiate its decision to refuse the opposition, the Office considered that *Leno has not provided proof of genuine use of the invoked right during a five-year time span prior to the date of publication of the disputed application [and that the] opposition was therefore not judged any further* (italics added by the Court).

- g. Leno has filed an appeal against the Office's decision, based on the provisions laid down in Article 2.17 of the BCIP. Hagelkruis requests that the appeal be denied.
- h. Leno's opposition is based on the provisions laid down in Article 2.14(1) in conjunction with Article 2.3(a) and/or (b) of the BCIP.

Statutory framework

4. The relevant statutory provisions are presented below.

I. *First Directive 89/104/EEC of the Council, of 21 December 1988, OJ 1989, L40/1* (also referred to hereinafter as 'the Trademark Directive'). This Directive was amended and replaced by *Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008* (codified version), although the substance of the clauses included below was not changed. Both these Directives are also referred to as 'the Trademark Directive' hereinafter.

Article 4

1. A trade mark shall not be registered or, if registered, shall be liable to be declared invalid:

(a) if it is identical with an earlier trade mark, and the goods or services for which the trade mark is applied for or is registered are identical with the goods or services for which the earlier trade mark is protected;

(b) if because of its identity with, or similarity to, the earlier trade mark and the identity or similarity of the goods or services covered by the trade marks, there exists a likelihood of confusion on the part of the public; the likelihood of confusion includes the likelihood of association with the earlier trade mark.

2. 'Earlier trade marks' within the meaning of paragraph 1 means:

(a) trade marks of the following kinds with a date of application for registration which is earlier than the date of application for registration of the trade mark,

taking account, where appropriate, of the priorities claimed in respect of those trade marks;

(i) Community trade marks;

(ii) trade marks registered in the Member State or, in the case of Belgium, Luxembourg or the Netherlands, at the Benelux Trademarks Office (currently the Benelux Office for Intellectual Property (Trademarks and Designs));

(iii) trade marks registered under international arrangements which have effect in the Member State;

(b) Community trade marks which validly claim seniority, in accordance with the Regulation on the Community trade mark, from a trade mark referred to in (a)(ii) and (iii), even when the latter trade mark has been surrendered or allowed to lapse;

(c) applications for the trade marks referred to in points (a) and

(b), subject to their registration;

(d) trade marks which, on the date of application for registration of the trade mark, or, where appropriate, of the priority claimed in respect of the application for registration of the trade mark, are well known in a Member State, in the sense in which the words 'well known' are used in Article 6 bis of the Paris Convention.

3. [...]

II. Benelux Convention on Intellectual Property (Trademarks and Designs). One of the purposes of this convention is to present a set of systematic and understandable regulations for the uniform laws to transpose the First Directive 89/104/EEC of the Council, of 21 December 1988, to approximate the laws of the Member States relating to trade marks.

a. The applicable part of Article 2.3 of the BCIP reads,

In determining the order of priority for filings, account shall be taken of rights, existing at the time of filing and maintained at the time of the litigation, in:

(a) identical trademarks filed for identical goods or services;

(b) identical or similar trademarks filed for identical or similar goods or services, where there exists on the part of the public a likelihood of confusion, which includes the likelihood of association with the prior trademark;

b. Article 2.14(1) of the BCIP reads,

1. The applicant or owner of a prior trademark may submit an opposition to the Office, within a period of two months to be counted from the first day of the month following publication of the application, against a trademark which:

(a) in the order of priority, ranks after its own in accordance with Article 2.3(a) and (b)

[...]

c. Article 2.45 of the BCIP reads,

Articles 2.3 and 2.28(3)(a) shall apply where the registration is based on the prior filing of a Community trademark.

Article 2.46 of the BCIP reads,

Articles 2.3 and 2.28(3)(a) shall apply to Community trademarks for which seniority on the Benelux territory is validly claimed in accordance with the Community Trade Mark Regulation, even if the Benelux or international registration on which seniority is based has been voluntarily cancelled or has expired.

III. Council Regulation (EC) no. 207/2009 of 26 February 2009 on the Community Trade Mark (amended and codified version of Council Regulation (EC) no. 40/94 of 20 December 1993) (both these Regulations are also referred to as ‘the Community Trade Mark Regulation’ hereinafter).

Article 15 Use of Community trade marks

1. If, within a period of five years following registration, the proprietor has not put the Community trade mark to genuine use in the Community in connection with the goods or services in respect of which it is registered, or if such use has been suspended during an uninterrupted period of five years, the Community trade mark shall be subject to the sanctions provided for in this Regulation, unless there are proper reasons for non-use.

The following shall also constitute use within the meaning of the first subparagraph:

(a) use of the Community trade mark in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered;
(b) affixing of the Community trade mark to goods or to the packaging thereof in the Community solely for export purposes.

2. Use of the Community trade mark with the consent of the proprietor shall be deemed to constitute use by the proprietor.

5. Pursuant to Article 4(1) in conjunction with 4(2) of the Trademark Directive, Community trade marks must be taken into consideration for purposes of determining the order of priority. According to the Explanatory Notes accompanying the Protocol of 2 December 1992 amending the Uniform Benelux Law on Marks (*Eenvormige Beneluxwet op de merken*), this led to the insertion of Articles 44 and 45; this subject matter is now included in Articles 2.45 and 2.46 of the BCIP. The Protocol of 11 December 2001 introduced the possibility of opposition into the Uniform Benelux Law on Marks; the Explanatory Notes accompanying that Protocol from December 2001 state that – unlike Article 4(2) of the Trademark Directive – the Uniform Benelux Law on Marks does not include a catalogue specifying how an ‘earlier mark’ should be interpreted, but instead refers to Articles 44 and 45 for (registrations of) Community trade marks.

6. The parties agree that the earlier ONEL mark and the later OMEL mark are similar and are registered for identical or at least similar services and that the use of the OMEL mark may cause confusion on the part of the public as defined in Article 2.3(b) of the BCIP.

The dispute

7. The dispute between the parties concerns the question of whether genuine use was made of the earlier ONEL mark as defined in Article 15 of the Community Trade Mark Regulation.

8. Leno's assertion, which has not been challenged, is that the ONEL mark invoked was subject to genuine use in the Netherlands, though it has failed to submit any proof of use in the Community (i.e. outside Dutch territory). Invoking the OHIM's Opposition Guidelines and the Council and the European Commission's Joint Statement no. 10 of 20 October 1995 on Article 15 of the Community Trade Mark Regulation, it argues that use in one Member State is sufficient in order to fulfil the requirement of genuine use as meant in Article 15 of the Community Trade Mark Regulation. It also refers to the judgments handed down by the EC Court of Justice on 11 March 2003, C-40/01, BIE 2003, 90 (*Ansul*), on 27 January 2004, C-259/02, NJ 2007, 280 (*La Mer Technology*) and on 11 May 2006, C-416/04, BMMB 2006-3, p. 130 (*Sunrider; Vitafruit*) and to the purpose of Community trade marks to permit unrestricted development of activities throughout the entire territory covered by the common market.

9. Hagelkruis contests the argument that use in a single Member State is sufficient to maintain a Community trade mark. It argues that Article 15 of the Community Trade Mark Regulation specifies 'in the Community', which is not the same as use 'in a single Member State', that the interpretation adopted by Leno would have very undesirable consequences, i.e. that the proprietor of a mark could block the entire European market invoking a mark that it uses in only a small part of the market.

Hagelkruis also argues that the Joint Statements on the Community Trade Mark Regulation have no legally binding force (cf. the EC Court of Justice's judgment of 7 July 2005, C-418/02, IER 2005, 85 (*Praktiker Bau und Heimwerkermärkte*), which concerned an Explanatory Note on the Nice Agreement) nor – based in part on the goal of presenting Community trade marks in the most favourable light possible when the Community Trade Mark Regulation entered into force – do they serve an interpretative function. Hagelkruis argues that the European Union has two trade mark systems operating side-by-side, and in that connection refers to items 4 and 6 of the preamble to Regulation no. 207/2009. On the matter of the Court of Justice judgments referred to, Hagelkruis argues that they concern (possible) genuine use of *national* trade marks or equivalent Benelux trade marks rather than of Community trade marks. Another important distinction is that Community trade marks can, if applicable, be converted into one or more national registrations and that the conversion clause of Article 112(2)(a) of the Community Trade Mark Regulation indicates that use in a single Member State is not sufficient.

10. The parties are in agreement that the Council and the European Commission's Joint Statements have no binding force. Similarly, in the Court's provisional opinion, they do not serve a binding 'interpretative function', as it is the duty of the Court of Justice to provide uniform interpretations in matters concerning Community/EU law. Moreover, the Joint Statements date from before Regulation (EEC) no. 40/94 of 20 December 1993 on the Community Trade Mark entered into operation while the situation subsequently changed, one of the factors being the admission of new Member States. This provisional opinion is reinforced by the reference in the EC CoJ's judgment of 7 July 2005 (*Praktiker Bau und*

Heimwerkermärkte) to the Explanatory Note, although not to the Regulation but to the classification of the Nice Agreement. In that judgment, the CoJ also found that this (i.e. that certain supplies fall within the scope of the definition of services) is *illustrated* by that Explanatory Note (par. 36).

11. In paragraphs 31 and 30 of its judgment of 11 March 2003 (*Ansul*), the Court of Justice found that it is the Court of Justice's responsibility to provide a uniform interpretation of the concept of genuine use as meant in Articles 10 and 12 of the Trade Mark Directive, and that the same concept of genuine use is used in Articles 15 and 50 (now 51) of the Community Trade Mark Regulation.

12. In par. 27 of its judgment of 27 January 2004 (*La Mer Technology*), which concerned the interpretation of Articles 10(1) and 12(1) of the Trade Mark Directive (and in that connection also par. 43 of its judgment of 11 March 2003 (*Ansul*) and par. 70 of its judgment of 11 May 2006 (*Sunrider; Vitafruit*, which dealt with opposition pursuant to the Community Trade Mark Regulation against a Community trade mark based on a national (Spanish) trade mark), the Court of Justice found that “*there is “genuine use” of a trade mark where it is used in accordance with its essential function, which is to guarantee the identity of the origin of the goods or services for which it is registered, in order to create or preserve an outlet for those goods or services; genuine use does not include token use for the sole purpose of preserving the rights conferred by that mark. When assessing whether use of the trade mark is genuine, regard must be had to all the facts and circumstances relevant to establishing whether the commercial use of the mark is real in the course of trade, particularly whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods or services protected by the mark, the nature of those goods or services, the characteristics of the market and the scale and frequency of use of the mark.*”

In par. 27 of its judgment of 27 January 2004 (*La Mer Technology*), the Court of Justice also found as follows:

“When it serves a real commercial purpose, in the circumstances cited above, even minimal use of the mark or use by only a single importer in the Member State concerned can be sufficient to establish genuine use within the meaning of the Directive.”

In its judgment of 11 May 2006 (*Sunrider; Vitafruit*), the Court of Justice found as follows:

66. Regarding the appellant's assertion that a trade mark must be present in a substantial part of the territory in which it is protected in order for its use to be found to be genuine, OHIM submits that that requirement is not valid in the light of Ansul and the order in Case C-259/02 La Mer Technology [...], and that the extent of the territorial coverage is only one of the factors to be taken into account in the determination of whether or not the use is genuine (statement OHIM, Court).

[...]

71. The question whether use is sufficient to maintain or create market share for the goods or services protected by the mark thus depends on several factors and

on a case-by-case assessment. The characteristics of those goods and services, the frequency or regularity of the use of the trade mark, whether the mark is used for the purpose of marketing all the identical goods or services of the proprietor or merely some of them, or evidence of use which the proprietor is able to provide, are among the factors which may be taken into account (see, to that effect, order in La Mer Technology, [...]).

72. It follows that it is not possible to determine a priori, and in the abstract, what quantitative threshold should be chosen in order to determine whether use is genuine or not. (see, to that effect, order in La Mer Technology, [...]).

73. In the present case, the Court of First Instance did not commit any error of law in its assessment of the genuine use of the earlier trade mark.

76. Third, contrary to the appellant's assertions, the fact that in the present case the proof of use of the earlier trade mark was established only for the sale of products intended for a single customer does not a priori preclude the use being genuine (see, to that effect, order in La Mer Technology, [...]), even though it follows from that situation that the mark was not present in a substantial part of the territory of Spain, in which it is protected. As OHIM has maintained, the territorial scope of the use is only one of several factors to be taken into account in the determination of whether it is genuine or not.

All of these judgments dealt with the question of whether an earlier *national or Benelux* trade mark had been put to genuine use.

13. The Court has also considered the preamble to Council Regulation (EC) no. 207/2009 of 26 February 2009 on the Community Trade Mark, since the parties have referred to that text.

As evidenced by paragraphs 2, 3, 4, 6 and 10 of the preamble to Regulation (EC) no. 207/2009, it is desirable to promote throughout the Community a harmonious development of economic activities and a continuous and balanced expansion by completing a common market which functions properly and offers conditions which are similar to those obtaining in a national market; that in order to create a market of this kind and make it increasingly a single market, not only must barriers to free movement of goods and services be removed and arrangements be instituted which ensure that competition is not distorted, but, in addition, legal conditions must be created which enable undertakings to immediately adapt their activities to the scale of the Community, whether in manufacturing and distributing goods or in providing services; that trade marks enabling the products and services of undertakings to be distinguished by identical means throughout the entire Community, regardless of frontiers, should feature amongst the legal instruments which undertakings have at their disposal; that for the purpose of pursuing the Community's said objectives it would appear necessary to provide for Community arrangements for trade marks whereby undertakings can by means of one procedural system obtain Community trade marks to which uniform protection is given and which produce their effects throughout the entire area of the Community; that this principle, i.e. that of the unitary character of the Community trade mark, should apply unless otherwise provided for in this Regulation;

that the barrier of territoriality of the rights conferred on proprietors of trade marks by the laws of the Member States cannot be removed by approximation of laws; that in order to open up unrestricted economic activity in the whole of the internal market for the benefit of undertakings, trade marks should be created which are governed by a uniform Community law directly applicable in all Member States;

that the Community law relating to trade marks [...] does not replace the laws of the Member States on trade marks; that it would not in fact appear to be justified to require undertakings to apply for registration of their trade marks as Community trade marks, since national trade marks continue to be necessary for those undertakings which do not want protection of their trade marks at Community level; and moreover

that there is no justification for protecting Community trade marks or, as against them, any trade mark which has been registered before them, except where the trade marks are actually used.

In the Court's provisional opinion, it can be inferred from these findings that Community trade marks and national (or Benelux) trade marks can exist side-by-side according to Regulation no. 207/2009, but that Community trade marks have precedence.

14. The parties also refer to various judgments handed down by the Court of Justice that rule on the territorial factor in the determination of acquired distinctiveness of a trade mark (judgments of 22 June 2006, C-25/05, NJ 2007, 237, BIE 2003, 30 (*August Storck; Werther's Echte*) and of 7 September 2006, C-108/05, NJ 2007, 238 (*Bovemij; Europolis*) and in the determination of the extent to which a trade mark has a reputation (judgments of 14 September 1999, case C-375/97, NJ 2000, 376 (*General Motors; Chevy*) and of 6 October 2009, C-301/07, NJ 2009, 577 (*Pago*)). *August Storck* and *Bovemij*, which dealt with acquired distinctiveness, indicate that in the Court of Justice's opinion a trade mark can only be registered if it has been demonstrated that it has acquired distinctive character among a significant portion of the relevant section of the public in the part of the Community/Benelux in which it originally lacked such distinctive character, that for Community trade marks the part of the Community where the trade mark lacked distinctive character may, if applicable, comprise only a single Member State; that for national trade marks proof must be presented that the trade mark acquired distinctive character throughout the entire territory of a Member State (or one of the Benelux countries) in which there exists a ground for refusal, for which purpose it must be assumed that the relevant class of persons, or at least a significant proportion thereof, identifies the product or service in question as originating from a particular undertaking. It follows from *General Motors* and *Pago* that a registered trade mark enjoys extended protection if it has a reputation with the public for which the product or service offered under that trade mark is intended and that it is sufficient in the Benelux area for it to be known by a significant proportion of the public concerned in a significant proportion of that area, which if applicable may be part of a single Benelux country; that in view of the circumstances surrounding the case, for a Community trade mark, the territory of the Member State in question may be regarded as a significant part of the Community's territory.

It can be inferred from these findings that the territorial requirements for acquired distinctiveness in the Community are not the same as those for acquiring the status of a trade mark with a reputation there; these judgments do not answer the question of whether, and if so when, there is genuine use in the Community.

15. In view of the judgments handed down by the Court of Justice in *Ansul*, *La Mer Technology* and *Sunrider*, the Court is provisionally of the opinion that ‘genuine use’ is an autonomous European concept, that the territorial scope of use is one of the issues that must be taken into account when determining whether or not an earlier trade mark for the products or services in question has been the subject of genuine use and that use exclusively in a single Member State does not necessarily lead to the conclusion that a trade mark cannot be said to have been the subject of genuine use in the Community.

16. Both parties have asked that questions be referred to the Court of Justice for a preliminary ruling.

17. Hagelkruis also refers to the *Freihaltebedürfnis*, in connection with which it argues that the obligation to use a trade mark laid down in Article 15 of the Community Trade Mark Regulation serves a common public interest, which it feels also underlies par. 10 of the preamble. In the Court’s opinion, it is uncertain whether the *Freihaltebedürfnis* has any bearing on the matter of determining whether a trade mark has been the subject of genuine use in the Community.

Questions referred for a preliminary ruling

18. In view of the matters set out above, the Court feels that it is necessary to refer the following questions to the Court of Justice of the European Union for a preliminary ruling:

1. Should Article 15(1) of Regulation (EC) no. 207/2009 on the Community Trade Mark be interpreted in such a manner that it is sufficient, in order to qualify as genuine use of a Community trade mark, for that trade mark to be used within the frontiers of a single Member State, provided that this use, if it concerned a national trade mark, would qualify as genuine use in that Member State (cf. Joint Statement no. 10 on Article 15 of Council Regulation (EC) no. 40/94 dated 20 December 1993 and the OHIM’s Opposition Guidelines)?
2. If Question 1 is to be answered in the negative, does such use of a Community trade mark within a single Member State as described above not in any instance qualify as genuine use in the Community as defined in Article 15(1) of Regulation (EC) no. 207/2009?
3. If use of a Community trade mark within a single Member State does not in any instance qualify as genuine use in the Community, to what requirements – in addition to other factors – should the territorial scope of the use of a Community trade mark be subject for purposes of determining genuine use in the Community?
4. Alternatively, should – in deviation from the assumption used above – Article 15 of the Council Regulation on the Community Trade Mark be interpreted in such a manner that determination of genuine use in the Community is made wholly independent from the frontiers of the Member States’ respective territories (and for example market shares (product/geographic markets) be taken as a point of reference)?

Decision

The Court:

- requests the Court of Justice of the European Union to rule on the questions set out in par. 18 on the interpretation of the Regulation and Directive specified above;
- defers all further judgment and suspends these proceedings until the Court of Justice of the European Union has ruled on those questions.

This judgment was handed down by J.C. Fasseur-van Santen, A.D. Kiers-Becking and M.Y. Bonneur, and was pronounced in open session on 1 February 2011, in the presence of the court registrar.

<Signed>

<Signed>

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